

TED WHEELER  
STATE TREASURER



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STATE OF OREGON  
OREGON STATE TREASURY  
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December 31, 2012

George Roberts  
Co-Chief Executive Officer  
Kohlberg Kravis Roberts & Co., L.P.  
2800 Sand Hill Road  
Suite 200  
Menlo Park, California 94025

Dear Mr. Roberts,

The Oregon Public Employee Retirement Fund and KKR have had a long and successful partnership. From the inception of your firm three decades ago, Oregon has invested in KKR funds, and enjoyed successful returns from your work. As recently as this year, my colleagues and I on the Oregon Investment Council decided to continue our partnership by investing \$225 million in your Asian Fund II.

I am writing to you in my role as a statewide elected official who is responsible for sustaining and strengthening OPERF for our beneficiaries, as well as working to build a strong economy for all Oregonians. It has recently come to my attention that one of your portfolio companies - Sealy Inc. - plans to shutter its North Portland plant, affecting 100 important jobs, and move the operations to Lacey, Washington. As the former elected Chairman of Multnomah County, I know how important manufacturing jobs are to North Portland families. North Portland is an area in the metro region that is in dire need of more family-wage jobs.

While I understand that KKR is selling its ownership stake in Sealy this spring, I believe you still control operations in the company until the transaction is finalized. I request that you ask the management team at Sealy to meet with Business Oregon, our public economic development agency, and labor leaders to explore the options for keeping this plant operating in North Portland. From what my team and I have heard, leaders from all of these organizations are standing by to see what changes or incentives may help retain these important jobs. As an investor interested in a high rate of return on our investment and a Treasurer who also sees the benefits for Oregon from stable employment, my hope is that an agreement can be reached that protects both the long-term interests of our pension fund beneficiaries, positions Sealy for growth, and meets the current needs of our local economy.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping diagonal strokes followed by a long horizontal line extending to the right.

Ted Wheeler  
State Treasurer

cc: Larry Rogers, Chief Executive Officer, Sealy Inc.  
Dan McLaughlin, KKR  
Tom Leedham, Teamsters Local 206  
Bob Tackett, Steelworkers Local 330  
State Rep. Tina Kotek  
State Sen. Chip Shields